(ii) The actual expenditure incurred in payment of rent in excess of 1|10th of the salary due for the relevant period; or

(iii) Where such accommodation is situated in Bombay, Calcutta, Delhi or Madras, 50 per cent of the salary due to the employee for the relevant period; or

(iv) Where such accommodation is situated in any other place, 40 per cent of the salary due to the employee for the relevant period, whichever is the least.

Reimbursement of tuition fees payable to Central Government employees are taxable.

Reimbursement of medical expenses, such as, operation fees, hospitalisation charges and cost of medicines, tests etc. actually incurred in India on the treatment of the employee or any of his family member is exempt from income-tax provided this expenditure is incurred on medical treatment in a recognised public hospital in India.

(b) Re-imbursement of tuition fee is taxable because it is an additional remuneration payable to the employees. It is not correct to say that it is payable to the employees from the salary which is already assessible in the relevant years.

(c) House rent allowance payable to the Central Government employees is also taxable subject, of course, to the exemptions mentioned above, in part 'a' of the question because it is also an additional remuneration forming part of the taxable income. No house rent allowance is paid to the employees who are allotted Government accommodation. On the other hand a licence fee, as fixed by the Directorate of Estate, is deducted from the remuneration of the Government employees. There is, therefore, no question of any exemption from Income-tax in this regard in the case of employees who are allotted Government accommodation.

(d) Section 10(14) of the Income-tax Act, 1961, as amended by the Direct Tax Laws (Amendment) Act, 1987, with effect from 1st April, 1989, provides for exemption of certain special allowances from income-tax by empowering the Central Government to issue notification in this behalf. No such notifications have been issued as yet. However, as and when felt necessary, notifications exemption such special allowances may be issued.

**Excise Duty evasion by M/s. Encon Chemicals Ltd. Faridabad**

3667. SHRI DINKARRAO GOVINDRAO PATIL: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that M|s. Encon Chemicals Limited, Faridabad has been registered as a small scale industry, but in fact it is a medium scale industry having plant and machinery worth Rs. 45 lakhs;

(b) whether it is also a fact that small scale industries are to be assessed at the rate of five per cent only whereas medium scale industries are assessed at the rate of fifteen per cent;

(c) whether Government have received any complaints regarding evasion of excise duty against this Company; if so, what are the details thereof; and

(d) what action has been taken thereon?

THE MINISTER OF STATE IN THE DEPARTMENT OF REVENUE IN THE MINISTRY OF FINANCE (SHRI AJIT PANJA): (a) M|s. Encon Chemicals Ltd., Faridabad are registered with Department of Industries, Government of Haryana as a Small Scale Unit. Notification No. 175|86-Central Excises dated 1.3.1986 (as amended) is applicable to those Small Scale Untis which are registered with the Directorate of Industries. Above notification does not incorporate any condition relating to the value of plant and machinery, hence no verification has been carried out by the central excise department regarding the value of plant and machinery. It is for the State authorities (who have accorded registration) to examine this aspect.

(b) A Small Scale unit availing of exemption under Notification No. 175|86-CE dated 1.3.1986 and opting for MODVAT since beginning of the year is required to pay duty at the effective rate minus 10 per cent subject to minimum of 5 per cent. However, those units which do not opt for MODVAT since beginning can avail of exemption from full duty upto aggregate clearance value of Rs. 15 lakhs in case of one commodity and Rs. 30 lakhs in case of more than one commodities. The above concessional rate of duty applies only upto an aggregate value of first clearance of Rs. 75 lakhs in a financial year.

(c) and (d) Some complaints have been received against this company which are presently under verification|investigation. It will not be in public interest to reveal the details of the complaints.

**Loans given to M/s. Encon Chemicals Ltd Faridabad**

3668. SHRI DINKARRAO GOVINDRAO PATIL: Will the Minister of FINANCE be pleased to state:

(a) whethtr M|s. Encon Chemicals Limited Faridabad (with plant at Hathin) was given a loan of Rs. 44 lakhs from Indian Bank, Faridabad and Rs. 27 lakhs from IDBI to be started as a SSI unit with a Chemical Engineer as one of its Technical Director in 1986;

(b) if so, what is the name and address and technical qualification of the Technical Director;

(c) whether as per rules regarding extending of loans by a Bank, the Technicals Director cannot be removed till the loan is repaid and an agreement has to be entered into between the Bank and the party seeking loan;

(d) whether any agreement was entered into by the Indian Bank and M|s. Encon Chemicals Limited through its Technical Director; if not, what were the reasons therefor;

(e) whether the Technical Director is still on the Board; if not, what are the reasons therefor; and

(f) whether Government have received any complaints in this regard if so, what are the details thereof?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO): (a) to (f) In terms of the statutes governing the public sector banks and in accordance with the practices and usages customary among the bankers, the information relating to an individual constituent cannot be divulged.

However, there are no instructions of Reserve Bank of India for entering into an agreement with the party seeking loans that the Technical Director of the company will not be removed till the bank's loan is repaid.

**Utilisation of Jute Modernisation Fund**

3669. SHRI KRISHNA KUMAR BIRLA: Will the Minister of TEXTILES be pleased to state:

(a) whether a Jute Modernisation Fund was created for overall jute development from research to market promotion and product diversification; and

(b) if so, what are the details reggarding the utilisation trend of the Fund?

THE MINISTER OF TEXTILES (SHRI RAM NIWAS MIRDHA): (a) and (b) Jute Modernisation Fund of Rs. 150 crores has been set up for the purpose of modernising jute industry as also with a view to helping the programme of product diversification by the jute mills. The scheme has been designed to help viable jute mills as well as those which are potentially viable. As on date out of 26 applications received by the Financial Institutions six cases have been sanctioned involving an outlay of Rs. 23.56 crores. The remaining cases are in different stages of processing.